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Message Text

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62
ACTION SS-25

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S E C R E T MOSCOW 14241

EXDIS

E.O. 11652: GDS
TAGS: ETRD,EEWT,UR,US
SUBJECT: OIL/GRAIN NEGOTIATIONS

FROM ROBINSON

1. SUMMARY. IN THREE-HOUR MEETING TONIGHT, GRAIN/OIL WORKING GROUP DISCUSSED REMAINING ISSUES IN EFFORT MORE CLEARLY DEFINE DIFFERENCES BETWEEN U.S. AND SOVIET POSITIONS. MEETING WAS HELD IN CRISIS ATMOSPHERE UNDER CLOUD OF PLANNED DEPARTURE OF U.S. NEGOTIATING TEAM EVENING OF OCTOBER 7 IF WE WERE UNABLE RESOLVE REMAINING ISSUES. FROM THESE DISCUSSIONS, WE NOW ANTICIPATE REASONABLE PROBABILITY OF SUCCESSFULLY BOTH GRAIN AGREEMENT AND LETTER OF INTENT ON OIL, PROVIDING WASHINGTON CAN ACCEPT FORMULATIONS ON GRAIN AGREEMENT ESCAPE CLAUSE AND OIL PRICING AS PRESENTED IN PARAS 2 AND 3 BELOW. END SUMMARY.

2. GRAIN AGREEMENT ESCAPE CLAUSE. U.S. SHALL HAVE UNILATERAL RIGHTS TO REDUCE GRAIN QUANTITY BELOW 6 MILLION METRIC TONS ANNUALLY WHEN TOTAL U.S. GRAIN SUPPLY FALLS BELOW 225 MILLION METRIC TONS. IN UNLIKELY EVENT OF U.S. REDUCTION BELOW 6 MILLION METRIC TONS, USSR WOULD HAVE RIGHT TO TERMINATE AGREEMENT. PARA 5A WOULD BE DROPPED.

3. OIL PRICING FORMULA. PRICING FORMULATION UNDER OIL LETTER OF INTENT WOULD READ QUOTE THE PRICES FOR CRUDE OIL AND PETROLEUM PRODUCTS WILL BE MUTUALLY AGREED AT A LEVEL WHICH WILL

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ENSURE THE INTERESTS OF THE GOVERNMENT OF THE USSR AND THE

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GOVERNMENT OF THE USA. UNQUOTE.

4. THE FOREGOING ASSUMES WASHINGTON APPROVAL OF OUR RECOMMENDATIONS TO DELETE PREAMBULAR REFERENCES TO INFORMATION EXCHANGE AND GRAIN STOCKS, ACCEPTANCE OF QUOTE QPPROXIMATELY IN EQUAL PROPORTIONS UNQUOTE TO DESCRIBE RELATIONSHIP BETWEEN WHEAT AND CORN IN ARTICLE ONE, AND ACCEPTABILITY OF OTHER MINOR SOVIET CHANGES IN OIL LETTER OF INTENT.

5. WE ALSO ASSUME EXTENSION OF MARITIME AGREEMENT THROUGH EXCHANGE OF MESSAGES BETWEEN AVERIN AND BLACKWELL. (TEXT OF AVERIN TELEX BEING REPEATED SEPTEL.)

6. WE HAVE SCHEDULED FINAL MEETING OF WORKING GROUP AT 0930 MOSCOW TIME, OCTOBER 7, WITH FINAL MEETING OF HEADS OF DELEGATIONS SCHEDULED FOR 1030. FOR SUCCESSFUL CONCLUSION, WE NEED AUTHORIZATION IMMEDIATELY FOR ABOVE FORMULATIONS. STOESSEL

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